Lesson Two
Why do we trade internationally?

Activity 1
How does your home reflect an international marketplace?

Objective
Students will describe the significance of international trade in their daily lives.

Resources
- Scavenger Hunt Chart
- World Outline Map transparency

Introduction
It would be almost impossible to find someone who is totally self-sufficient in this world. People decide to trade or exchange goods and services because they believe they will be better off after the transaction. In economic terms, those who trade expect that the benefits derived from the exchange will exceed the costs involved. In 1776, Adam Smith wrote,

> "It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. The Taylor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes but employs a Taylor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbors, and to purchase with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for." (*Wealth of Nations*. New York: Modern Library, Inc., 1937, p. 424).

This passage refers to the fact that individuals have different skills and resources, and that when they specialize in what they do best, they can then trade with each other and both benefit from the exchange, and both consumption and production will increase. Trading partners may live in the same country, but increasingly they live in different countries. About 25% of the United States' GDP involved international transactions, and approximately 8% of the labor force is engaged in exports. Advances in technology, telecommunication and transportation are all major factors which have contributed to increased international trade.

Task
In this lesson, students will locate items in their home and identify the nation where each item was produced.

Process
Begin this lesson by pointing out that although most people continue to live as citizens of a single nation, items common to their everyday lives, such as clothes, food, and automobiles, are products of globalization. As a homework assignment, ask students to identify items in their home that were produced in one of the G8 countries using Scavenger Hunt chart. The chart also has an area to record items coming from countries that are not part of the G8.

The next day, begin class by asking students to report their findings. As countries are named and products described, shade the country of origin on the world outline map transparency and indicate the type of product from that country (e.g. electronic goods from Japan, wine from France, automobile from Germany). Use the same color of marker for each G8 country. Next, ask students to describe items they were finding in their homes from non-G8 countries. Shade these countries on the map in a second color of marker. Conclude this activity by leading a class discussion around the following questions.

- What generalizations can you make about your own place in the global market based on the items found in your home?
- What do the categories of products tell you about the economies of the countries of origin?
- What might be the impact on the United States economy of importing these particular items?
- What is the relationship between the United States and the countries where these particular products originated?
- What types of items you found in your home come from countries other than G8 participants?

Scavenger Hunt

Directions: Look through your house to identify as many items as you can that were imported from each of the G8 countries.

Canada	France	Germany	Italy	Japan	Russia	United Kingdom	United States

In the table below, list items from countries which are not part of the G8. Place the name of the country in the small box and list items below.

World Map